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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

ATARI INTERACTIVE, INC.,

Plaintiff,

vs.

ZAZZLE, INC.,

Defendant.

Case No. 3:18-cv-03843-JST
[*Related to Case Nos. 3:18-cv-03451-JST;*
3:18-cv-04115-JST; 4:18-cv-04949-JST]

Hon. John S. Tigar

**JOINT CASE MANAGEMENT
STATEMENT**

AND RELATED ACTIONS

Date: October 17, 2018
Time: 2:00 pm
Crtrm.: 9

1 Pursuant to this Court's July 10, 2018, Clerk's Notice Setting Case
2 Management Conference, Dkt. No. 17, and following the conference of counsel on
3 September 28, 2018, all parties herein, through their respective counsel, respectfully
4 submit the following joint statement in advance of the October 17, 2018, case
5 management conference.

6 **1. Jurisdiction and Service.**

7 All parties agree that this Court has subject matter jurisdiction and personal
8 jurisdiction. All parties agree that defendant Zazzle Inc. ("Defendant" or "Zazzle")
9 has been served.

10 **2. Facts.**

11 **A. Plaintiff's Summary of the Facts**

12 Plaintiff Atari Interactive, Inc. ("Plaintiff" or "Atari") is one of the most
13 famous video game brands in history. Founded in the early 1970s in California,
14 Atari became the pioneer in the video game industry during the 1970s and
15 continuing into the 1980s, developing and releasing (a) home video consoles – e.g.,
16 the Atari 2600 – that set new standards in design and function, and (b) a series of hit
17 games – e.g., Pong, Breakout, Asteroids, and many others. Atari became known to
18 relevant consumers and the public at large by its inherently distinctive trade name,
19 as well as its inherently distinctive A-shaped or "Fuji" logo design.

20 Atari has marketed, promoted, licensed, and sold products, including a
21 catalog of more than 200 well-known games, worldwide under the Atari name and
22 logo for over four decades. Atari also has an active licensing business through
23 which Atari has extended its brand into other media, merchandising, and publishing
24 categories. It goes without saying that video gamers – new and old – recognize and
25 revere Atari's place as a very well-known and iconic pioneer of the video game
26 industry.

27 Accordingly, the Atari name, logo, and classic video games are valuable
28 intellectual property owned by Atari, and Atari has taken significant steps to protect

1 them from infringement. Atari obtained registrations with the United States Patent
2 and Trademark Office for many of its trademarks and registrations with the United
3 States Copyright Office for many of its copyrights. Through commercial use and
4 contractual agreements with its predecessors-in-interest, Atari is the owner of
5 USPTO Registration No. 4,214,210 for the ATARI name and logo used in
6 connection with, among other things, “printed matter, namely posters, stickers” and
7 “articles of clothing”; and Atari is the owner of USPTO Registration No. 4,324,638
8 for the PONG name used in connection with, among other things “printed matter,
9 namely posters, stickers” and “articles of clothing.”

10 Through contractual agreements with its predecessors-in-interest, Atari is also
11 the owner of multiple copyright registrations for, among others, the following video
12 games, including the visual elements thereof: *Centipede*, *Asteroids*, *Pong*,
13 *Breakout*, *Missile Command*, *Adventure*, *Combat*, and *Yar’s Revenge*. Through
14 extensive and continuous promotion and sales, unsolicited press, and word of
15 mouth, Atari also owns common law rights in various trademarks and trade dress,
16 including the Atari name and logo, the *Centipede*, *Asteroids*, *Pong*, *Breakout*,
17 *Missile Command*, *Adventure*, *Combat*, and *Yar’s Revenge* names and graphics, and
18 the overall look and feel of the Atari 2600 game console and joystick.

19 Atari understands and believes that Defendants operate an online marketplace
20 through their website, www.zazzle.com, where visitors can upload designs that
21 Defendants then display on a variety of apparel – from t-shirts to phone cases to
22 stickers – pictured on the site. Defendants offer for sale the products on display. If
23 a visitor to the site orders a product, Defendants make, ship, and process the
24 payment for the product. Defendants then split the profits with the person who
25 originally uploaded the design.

26 This year, as part of its intellectual property enforcement efforts, Atari
27 discovered that Defendants were advertising, marketing, creating, displaying, and
28 offering for sale a variety of counterfeit Atari products. Many of the counterfeit

1 products incorporated exact replicas of the registered ATARI trademark (name and
2 logo) on products in the classes for which the marks are registered. Other
3 counterfeit products incorporated easily identifiable depictions of the Atari 2600
4 console and joystick with the distinctive red button, or designs from Atari's
5 copyrighted video games.

6 Atari thus sued Defendants for trademark infringement, counterfeiting,
7 copyright infringement, trademark dilution, false designation of origin, unfair
8 competition, contributory trademark infringement, contributory copyright
9 infringement, vicarious trademark infringement, and vicarious copyright
10 infringement. Atari seeks actual damages, Defendants' wrongful gain, statutory
11 damages, treble damages, punitive damages, attorney's fees and costs, and
12 permanent injunctive relief.

13 **B. Defendant's Summary of the Facts**

14 Defendant Zazzle objects to Plaintiff's argumentative and one-sided summary
15 of the facts. It disagrees with many of Plaintiff's characterizations, but will not
16 attempt to refute them here. Needless to say, Zazzle disputes that it has engaged in
17 any infringement of Plaintiff's alleged intellectual property. Furthermore, Zazzle
18 certainly has not engaged in any willful infringement.

19 By way of background, Zazzle, headquartered in Redwood City, California, is
20 an online service provider that hosts a platform where artists can upload and
21 showcase their art and where customers can view and order prints of that art in
22 various forms and on various products, including phone cases, mugs, and t-shirts.
23 Contrary to the accusations made by Atari in this action, Zazzle does not tolerate
24 infringement of third-party intellectual property rights on its platform. In fact,
25 Zazzle requires all users of Zazzle's service to warrant both that (i) they own or
26 have the necessary rights to any content being uploaded and (ii) the content does not
27 infringe the intellectual rights of any third-party. Zazzle also responds expeditiously
28 to remove allegedly infringing content upon receipt of a valid DMCA takedown

1 request, or other red-flag knowledge of infringement. In addition, when a customer
2 places an order for a printed product, that order is submitted to a review process
3 designed to block the production of potentially infringing products. Each order goes
4 through Zazzle’s Content Management Team, or “CMT.” The CMT is a group of
5 human beings – not an algorithm – that reviews the digital mock-up to make an
6 independent, considered decision as to whether the ordered product appears to
7 infringe a third party’s IP rights (to the extent it is possible to make that
8 determination based on information known to Zazzle’s Content Management Team).

9 With respect to Atari’s claims in this action, at no time was Zazzle aware of
10 the allegedly infringing content on its website; in fact, Zazzle had no notice of
11 Atari’s claims until this lawsuit was filed. Zazzle promptly thereafter conducted an
12 investigation and removed the allegedly infringing content that it could find. Zazzle
13 also discovered that the actual sales of potentially Atari-related products through
14 Zazzle’s platform—even over a period of many years—is *de minimis*. Atari is aware
15 of this information, but it is continuing to press this case, apparently seeing the
16 prospect of statutory damages coupled with unsupported allegations of willfulness
17 as a potential windfall. Zazzle is forced to defend.

18 **3. Legal Issues.**

19 **A. Plaintiff’s Summary of the Key Legal Issues**

20 At this early stage, Plaintiff anticipates the key legal issues will be the
21 following:

- 22 • Does Atari own valid trademarks and copyrights?
- 23 • Did Defendant infringe upon any of Atari’s trademarks and copyrights?
- 24 • Did Defendant infringe willfully and/or with malice, fraud, or reckless
25 disregard for Atari’s rights?
- 26 • What amount of damages – whether actual damages, wrongful profits,
27 statutory damages, and/or punitive damages – should be awarded to
28 Atari?

- 1 • Is any party entitled to attorneys' fees and costs, and, if so in what
- 2 amount?
- 3 • Is Atari entitled to permanent injunctive relief, and, if so, in what form?
- 4 **B. Defendant's Summary of the Key Legal Issues**
- 5 • Are Atari's federally registered trademarks valid?
- 6 • Does Atari own protectable rights in the trademarks and trade dress at
- 7 issue?
- 8 • Does Atari own valid copyrights in the works at issue?
- 9 • Did Zazzle infringe any of Atari's intellectual property rights?
- 10 • Is Zazzle liable for counterfeiting based on any of Atari's marks?
- 11 • Did Zazzle willfully infringe any of Atari's intellectual property rights?
- 12 • Is Zazzle immune from suit under the safe harbors provided by the
- 13 Digital Millennium Copyright Act or other law?
- 14 • Are damages appropriate, and, if so, whether actual damages, profits, or
- 15 statutory damages are the proper measure of damages?
- 16 • Is any party entitled to attorneys' fees and costs, and, if so, for what
- 17 claims and in what amount?
- 18 • Is permanent injunctive relief appropriate?

19 **4. Motions.**

20 Zazzle's deadline to respond to the complaint is October 16, 2018, and Zazzle
 21 has not yet determined whether it will file a motion to dismiss some or all of the
 22 claims in this case. The parties do not anticipate filing any other early motions, e.g.,
 23 a motion to compel arbitration. Both parties believe, at this juncture, that it is likely
 24 they will file motions for summary judgment or partial summary judgment.

25 **5. Amendment of Pleadings.**

26 At this time, no party anticipates amending the pleadings. To the extent Atari
 27 discovers, through the discovery process or its own further investigation, additional
 28 trademarks or copyrights that it believes Defendant infringed or additional persons

1 or entities responsible for the alleged infringement, then Atari will likely seek to
2 amend the complaint to include those additional trademarks or copyrights or
3 defendant at that time.

4 **6. Evidence Preservation.**

5 The parties have reviewed the ESI Guidelines and confirm that they have met
6 and conferred regarding reasonable and proportionate steps taken to preserve
7 evidence relevant to the issues reasonably evidence in this action.

8 **7. Disclosures.**

9 The parties have agreed to exchange initial disclosures on or before October
10 31, 2018.

11 **8. Discovery.**

12 The parties have discussed the discovery they anticipate serving. Each side
13 anticipates noticing depositions of Rule 30(b)(6) representatives and serving written
14 discovery in the form of document demands and perhaps interrogatories or requests
15 for admissions. The parties may notice additional depositions – e.g., depositions of
16 witnesses disclosed in initial disclosures – but require additional information before
17 determining the scope of those additional depositions. The parties have already
18 entered into a stipulated protective order protecting certain confidential and
19 commercially sensitive information that may be disclosed in discovery. Counsel
20 have, to date, worked collaboratively and professionally together, and they will
21 endeavor to do so throughout the discovery process so as to avoid unnecessary
22 motion practice.

23 **9. Class Actions.**

24 This is not a class action.

25 **10. Related Cases.**

26 This case is related to three other cases currently pending before this Court:
27 *Atari v. Redbubble*, *Atari v. TP Apparel, et al.*, and *Atari v. SunFrog*.

28 / / /

1 **11. Relief.**

2 Atari seeks actual damages, Defendant's wrongful gain, statutory damages,
3 treble damages, punitive damages, attorney's fees and costs, and permanent
4 injunctive relief. The amount of actual damages and wrongful gain requires
5 additional discovery. To remedy trademark counterfeiting, Title 15, U.S.C. section
6 1117(c) provides for \$1,000 to \$200,000 in damages per counterfeit mark infringed
7 for non-willful infringement, and up to \$2 million in damages per counterfeit mark
8 infringed for willful infringement. To remedy copyright infringement, Title 17,
9 U.S.C. section 504 provides for \$750 to \$30,000 in damages per copyright infringed
10 for non-willful infringement, and up to \$150,000 in damages per copyright infringed
11 for willful infringement.

12 Defendant seeks dismissal of the Complaint, with prejudice. Defendant
13 further seeks related costs and attorney's fees, as the Court deems appropriate, for
14 defending this matter due to Plaintiff's overaggressive and unreasonable assertion of
15 purported intellectual property rights.

16 **12. Settlement and ADR.**

17 The parties have agreed to private mediation, which is scheduled for October
18 11, 2018. The parties are also amenable to participating in a settlement conference
19 with a Magistrate Judge if the Court believes such a conference would be beneficial
20 at a future stage.

21 **13. Consent to Magistrate Judge for all Purposes.**

22 The parties have not consented to a Magistrate Judge for all purposes.

23 **14. Other References.**

24 The parties do not believe any other references are appropriate at this time.

25 **15. Narrowing of Issues.**

26 At this time, the parties do not believe there are issues that can be narrowed
27 by agreement or motion. As stated above, the parties respectively intend to move
28 for summary judgment or partial summary judgment after obtaining discovery.

16. Expedited Trial Procedure.

The parties do not believe this case is appropriate for the Expedited Trial Procedure of General Order No. 64 Attachment A.

17. Scheduling**A. Plaintiff's Proposed Schedule**

Trial: September 23, 2019

Pretrial Conference: August 30, 2019

Last Day to Hear Dispositive Motions: July 18, 2019

Discovery Cutoff: June 17, 2019

Last Day to Designate Experts: April 1, 2019

Last Day to Designate Rebuttal Experts: May 1, 2019

B. Defendant's Proposed Schedule

Expert Reports for Party Bearing Burden of Proof (Atari)	April 1, 2019
Expert Reports for Party Not Bearing Burden of Proof (Zazzle):	May 1, 2019
Rebuttal Reports:	June 1, 2019
Discovery Closes:	July 15, 2018
Summary Judgment Motions (if any)	60 days after close of discovery
<i>Daubert</i> Motions (if any)	60 days after close of discovery
Pretrial Conference:	As soon as the Court deems appropriate after ruling on pending motions.
Trial:	As soon after the pre-trial conference as the Court deems appropriate. The Court to set deadlines for final pretrial conference and other pre-trial filings, motions <i>in limine</i> , jury instructions, witness lists, pre-trial

	conferences, etc.
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18. Trial.

The case will be tried to a jury. The parties estimate a 5-7 day trial.

19. Disclosure of Non-Party Interested Entities or Persons.

Plaintiff has filed its Certification of Interested Entities or Persons required by Civil Local Rule 3-16. Plaintiff submits that the only applicable entity required to be disclosed is Atari Interactive, Inc.

20. Professional Conduct

Counsel have reviewed the Guidelines for Professional Conduct for the Northern District of California.

Respectfully Submitted:

DATED: October 9, 2018

BROWNE GEORGE ROSS LLP

Keith J. Wesley

Ivy A. Wang

By: /s/ Ivy A. Wang

Ivy A. Wang

Attorneys for Plaintiff Atari Interactive, Inc.

DATED: October 9, 2018

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